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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
10/625,001	07/22/2003	Gary William Flake	5598/68	8178

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EXAMINER	
BORLINGHAUS, JASON M	
ART UNIT	**PAPER NUMBER**
3628	

DATE MAILED: 04/04/2005

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary	Application No.	Applicant(s)	
	10/625,001	FLAKE ET AL.	
	Examiner	Art Unit	
	Jason M. Borlinghaus	3628	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

1)☒ Responsive to communication(s) filed on *28 February 2005*.

2a)☐ This action is **FINAL**. 2b)☒ This action is non-final.

3)☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

4)☒ Claim(s) *1-13* is/are pending in the application.

4a) Of the above claim(s) *2-5 and 7* is/are withdrawn from consideration.

5)☐ Claim(s) _____ is/are allowed.

6)☒ Claim(s) *1,6 and 8-13* is/are rejected.

7)☐ Claim(s) _____ is/are objected to.

8)☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

9)☐ The specification is objected to by the Examiner.

10)☒ The drawing(s) filed on *22 July 2003* is/are: a)☒ accepted or b)☐ objected to by the Examiner.

Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).

Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).

11)☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

12)☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).

a)☐ All b)☐ Some * c)☐ None of:

1.☐ Certified copies of the priority documents have been received.

2.☐ Certified copies of the priority documents have been received in Application No. _____.

3.☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

1) ☒ Notice of References Cited (PTO-892)
2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
3) ☒ Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08) Paper No(s)/Mail Date *4/19/04*.
4) ☐ Interview Summary (PTO-413) Paper No(s)/Mail Date. _____.
5) ☐ Notice of Informal Patent Application (PTO-152)
6) ☐ Other: _____.

DETAILED ACTION

Election/Restrictions

Applicant's election with traverse of species 5, Claims 1 and 13, in the reply filed on 2/28/05 is acknowledged. Claims 6 and 8 –12 have been added to the elected Claims 1 and 13 by the examiner since these Claims are read onto the elected species. The traversal is on the ground(s) that the request for election of species by the examiner was improper since the request did not state his reasoning concerning his determination that the six species identified by the examiner are not patentably distinct and that without an election of species a serious burden would be placed upon the examiner.

This is not found persuasive because the 6 species are mutually exclusive in that a method may not determine the payoff using a linear payoff technique, a binary technique, a stock-based payoff technique, an options-based payoff technique, futures-based payoff technique and a betting-based payoff technique. Furthermore, the prior mentioned species are considered mutually exclusive techniques because that the method cannot perform a payoff using all six techniques simultaneously. For example, the method can determine the payoff using a stock-based payoff technique or a betting-based payoff technique, but not both.

Additionally, as examiner would be required to research, analyze and write an action addressing six patently distinct species a serious burden would be placed upon the examiner.

The requirement is still deemed proper and is therefore made FINAL.

Specification

The disclosure is objected to because it contains an embedded hyperlink and/or other form of browser-executable code (see page 3 of specification). Applicant is required to delete the embedded hyperlink and/or other form of browser-executable code. See MPEP § 608.01.

Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

> (a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

The factual inquiries set forth in *Graham* **v.** *John Deere Co.*, 383 U.S. 1, 148 USPQ 459 (1966), that are applied for establishing a background for determining obviousness under 35 U.S.C. 103(a) are summarized as follows:

1. Determining the scope and contents of the prior art.
2. Ascertaining the differences between the prior art and the claims at issue.
3. Resolving the level of ordinary skill in the pertinent art.
4. Considering objective evidence present in the application indicating obviousness or nonobviousness.

Claims 1, 6 and 8 – 13 are rejected under 35 U.S.C. 103(a) as being unpatentable over Chan, N.T., Dahan, E., Lo, A.W. and Poggio, T. *Experimental Markets for Product Concepts.* Center for eBusiness @MIT. Paper 149 (July 2001), hereinafter referred to as Chan, in further view of Davis (US Patent 6,269,361).

Regarding Claim 1, Chan discloses a computerized system for allowing transactions in instruments, the instruments being capable of being valued based on concepts ("The essence of the markets for product concepts center around the establishment of virtual stock markets that trade virtual securities, each associated with an underlying product or service...Upon entering the concept market, each participant receives an initial portfolio of cash (virtual or real) and virtual stocks...The objective of the market game is to maximize the value of the portfolio, evaluated at the market closing price." – see page 1, lines 18 - 24 – "maximizing the value of the portfolio" requires that the portfolio's component concepts possesses value) and a method for determining a payoff on an instrument capable of being valued based on concept ("The objective of the market game is to maximize the value of the portfolio, evaluated at the market closing price. If participants play with real money, they will have the opportunity to profit from trading..." – see page 1, lines 23 - 25 – "opportunity to profit" requires that there must be some method to determine payoff), the method comprising:

- determining the value of the concept at a first time (supra); and
- determining the payoff based on the instrument and the determined value of the concept (supra).

Chan does not teach that:

- the value of instruments are based on values of term-based concepts; and
- the terms of the concepts are useable in computerized searches.

Davis discloses that term-based concepts (keywords) have value and are useable in computerized searches. ("In this on-line marketplace, companies selling

products, services, or information bid in an open auction environment for positions on a search result list generated by an Internet search engine...The higher an advertiser's position on a search result list, the higher likelihood of a "referral"; that is, the higher the likelihood that a consumer will be referred to the advertiser's web site through the search result list. The openness of this advertising marketplace is further facilitated by publicly displaying, to consumers and other advertisers, the price bid by an advertiser on a particular search result listing." – see col. 3, line 62 – col. 4, line 9).

It would have been obvious to one of ordinary skill in the art at the time the invention was made to have modified Chan by incorporating term-based concepts, as was done by Davis, to allow for the trading of instruments based upon, Internet search terms, another product with value in the marketplace.

Regarding Claim 6, Chan discloses a method comprising using a futures-based payoff technique in determining the payoff. (In Chan's discussion of Iowa Electronic Markets (IEM), Chan states "The IEM features real-money futures markets in which contract payoffs depend on the outcome of future political and economic events." – see page 4, lines 1 - 3).

Regarding Claim 8, Chan discloses a method comprising denominating the payoff in at least one of real currency ("If the participants play with real money, they will have the opportunity to profit from trading..." – see page 1, lines 24 – 25) fake currency, game currency, coupons, discounts, certificates, and rights. ("If fictitious money is used, prizes can be awarded according to individual's performance." – see page 2, lines 1 - 2 – while Chan does not explicitly state "fake currency, game currency, coupons,

discounts, certificates, and rights" it would have been obvious to that Chan could award any type of prize that he desired).

Regarding Claim 9, Chan discloses a method comprising determining the payoff. ("The objective of the market game is to maximize the value of the portfolio, evaluated at the market closing price. If participants play with real money, they will have the opportunity to profit from trading..." – see page 1, lines 23 - 24).

Chan does not teach a method comprising determining the payoff in rights relating to advertising.

Davis discloses rights related to advertising ("The higher an advertiser's position on a search list, the higher likelihood of a "referral"; that is, the higher the likelihood that a consumer will be referred to the advertiser's web site through the search result list." – see col. 4, lines 2 – 6 – establishing that the right to the keyword is a right to advertising.)

It would have been obvious to one of ordinary skill in the art at the time the invention was made to have modified Chan by incorporating a payoff in rights to advertising, as was illustrated by Davis, since the concepts underlying the traded instruments of the marketplace are tied to rights to advertising.

3/21/05

Regarding Claim 10, Chan discloses a method comprising determining the payoff. ("The objective of the market game is to maximize the value of the portfolio, evaluated at the market closing price. If participants play with real money, they will have the opportunity to profit from trading..." – see page 1, lines 23 - 24).

Chan does not teach a method comprising determining the payoff at least one of rights to clicks and rights to impressions.

Davis discloses rights to clicks (search result list click through) and rights to impressions (appearance on search result list). ("In this on-line marketplace, companies selling products, services, or information bid in an open auction environment for positions on a search result list generated by an Internet search engine. Since advertisers must pay for each click-through referral generated through the search result lists generated by the search engine, advertisers have an incentive to select and bid on those search keywords that are most relevant to their web site offerings." – see col. 3, line 62 – col. 4, line 2).

I It would have been obvious to one of ordinary skill in the art at the time the invention was made to have modified Chan by incorporating a payoff in rights to clicks and rights to impressions, as was illustrated by Davis, since the concepts underlying the traded instruments of the marketplace are tied to rights to clicks and rights to impressions.

Regarding Claim 11, Chan discloses a method comprising using the instrument at least one of a speculating tool, a forecasting tool and a data generation tool. ("Different non-financial markets have been established for opinion polling, forecasts and predictions." – see page 3, line 21).

Regarding Claim 12, Chan discloses a method wherein an entity that at least in part facilitates allowing of transactions capable of being valued based on values of term-based concepts (supra).

Chan does not teach a method wherein an entity also at least in part facilitates Pay-per-click auctions for rights associated with the concepts, and comprising the entity deriving revenue from at least one of transaction fees, listing fees, institutional participation fees, institutional participation fees, data sale and publicity.

Davis discloses a method wherein an entity also at least in part facilitates Pay-per-click auctions for rights associated with the concepts, and comprising the entity deriving revenue from listing fees (bid for placement on search result list). ("In this on-line marketplace, companies selling products, services, or information bid in an open auction environment for positions on a search result list generated by an Internet search engine." – see col. 3, line 62 – 65).

Regarding Claim 13, further system claim would have been obvious from method claims rejected above and is therefore rejected using the same art and rationale.

Conclusion

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Jason M. Borlinghaus whose telephone number is (703) 308-9552. The examiner can normally be reached on 8:30am-5:00pm M-F.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Hyung Sough can be reached on (703) 308-0505. The fax phone number for the organization where this application or proceeding is assigned is 703-872-9306.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see http://pair-direct.uspto.gov. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

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HYUNG SOUGH
SUPERVISORY PATENT EXAMINER
TECHNOLOGY CENTER 3600